



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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JUDI E. THOMAS

May 9, 2012

TO: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **INSTITUTE FOR BLACK PARENTING, INC. – A FOSTER FAMILY
AGENCY FOSTER CARE CONTRACT PROVIDER – FISCAL REVIEW**

At the request of the Department of Children and Family Services (DCFS), we reviewed the fiscal operations of the Institute for Black Parenting, Inc. (IBP or Agency), from January 1 to December 31, 2009. DCFS contracts with IBP for Foster Family Agency (FFA) services to recruit, certify, train, and support foster family homes. IBP's administrative office is located in the Second Supervisorial District.

At the time of our review (February to July 2011), IBP had 72 children placed by Los Angeles County in 59 certified foster homes. DCFS paid the Agency between \$1,589 and \$1,865 per child per month, for a total of \$889,527. IBP paid \$378,176 (42%) directly to the foster parents, which exceeds the State's minimum requirement of 40%.

The issuance of our report to your Board was delayed in part by changes in federal and State regulations regarding possible repayments of questioned costs from fiscal audits. To enable IBP to begin taking corrective action as soon as possible, we discussed our findings and recommendations with Agency management on April 12, 2011.

Summary of Findings

We identified \$88,816 in unallowable costs, and \$1,950 in unsupported/inadequately supported costs. DCFS and the Agency also need to work together to resolve some potential overpayments.

IBP's audited financial statements for the years ended December 31, 2008 and 2009 contained going concern qualifications, because the Agency had operating losses of \$292,117 and \$202,874, respectively. The Agency also had negative net assets of \$1,680,998 as of December 31, 2009. According to the Internal Revenue Service, as of February 16, 2011, the Agency owed \$1,345,701 in delinquent taxes, penalties, and interest. Since the Agency had negative net assets of \$1,680,998 and no reserves, it is unclear how the Agency will repay its liabilities or offset future operating losses that may occur. We initially advised DCFS of IBP's financial issues on March 24, 2011 so DCFS could monitor IBP to ensure that service quality was maintained according to the contract.

IBP also needs to develop a cost allocation plan, and strengthen its internal controls over accounting and disbursement procedures, bank deposits, payroll/personnel records, bank reconciliations, fixed assets, and submit Semi-Annual Expenditure Reports to DCFS as required by the FFA contract. Details of our findings are discussed in Attachment I.

We have recommended that DCFS resolve the questioned costs, and collect any disallowed amounts. DCFS should also ensure that IBP management takes action to address the recommendations in this report, and monitor to ensure that the actions result in permanent changes.

Review of Report

We discussed our findings and recommendations with IBP's management and DCFS on November 16, 2011. The interval from November 16, 2011 to the issuance of this report includes a mandatory 90-day waiting period to allow the Agency time to appeal the findings in the draft report. The Agency's response, which is incorporated into DCFS' Fiscal Corrective Action Plan (Attachment II), indicates the Agency's general agreement with our findings and recommendations, and that they agreed with the \$90,766 (\$88,816 + \$1,950) in questioned costs identified in our review. IBP will work with DCFS to resolve repaying that amount.

This audit is not intended to be, and does not constitute, the discovery or identification of an overpayment for purposes of the federal Improper Payments Act, related California State laws, including but not necessarily limited to Welfare and Institutions Code sections 11466.23, 11466.235, 11466.24, etc., nor State regulations intended to implement either the federal Improper Payments Act or related provisions in State law. This audit is intended solely to assist the County Department of Children and Family Services in managing its contractual relationships. Consequently, this report will be forwarded to the County Department of Children and Family Services in order that it might take further action, as it deems appropriate, based on its contents. Such further action may, or may not, include the discovery or identification of an overpayment for purposes of federal or State law.

Board of Supervisors
May 9, 2012
Page 3

We thank IBP's management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Campbell at (213) 253-0101.

WLW:JLS:RGC:MWM

Attachments

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Director, DCFS
Zena Oglesby, Executive Director, Institute for Black Parenting, Inc.
Board of Directors, Institute for Black Parenting, Inc.
Cora Dixon, Bureau Chief, Foster Care Audit Bureau, CA Dept. of Social Services
Commission for Children and Families
Public Information Office
Audit Committee

Institute for Black Parenting, Incorporated
Foster Family Agency Contract Provider
Fiscal Review

REVIEW OF EXPENDITURES/REVENUES

We identified \$88,816 in unallowable costs, and \$1,950 in unsupported/inadequately supported costs. In addition, DCFS and the Agency need to work together to resolve potential overpayments. Details of these costs/overpayments are discussed below.

Applicable Regulations and Guidelines

Institute for Black Parenting, Inc. (IBP or Agency) is required to operate its Foster Family Agency (FFA) in accordance with the following federal, State, and County regulations and guidelines:

- FFA Contract, including the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook)
- Federal Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations (Circular A-122)
- California Department of Social Services Manual of Policies and Procedures (CDSS-MPP)
- California Code of Regulations, Title 22 (Title 22)

Unallowable Expenditures

Circular A-122 Sections 16 and 23 state that penalties and interest are unallowable expenditures. In addition, liabilities that should have been paid with prior year FFA funds, such as payroll tax liabilities, cannot be paid with subsequent year Program funds.

We identified \$88,816 in unallowable expenditures. Specifically:

- \$74,139 in current period funds used to pay delinquent federal and State payroll tax liabilities from 2004 to 2008.
- \$12,567 in penalties, interest, and late fees paid to various utility and finance companies.
- \$2,110 in late fees for past due rent.

Unsupported/Inadequately Supported Expenditures

A-C Handbook Section A.3.2 states that all expenditures must be supported by original vouchers, invoices, receipts, canceled checks, or other documentation. Unsupported expenditures will be disallowed upon audit. Section A.3.2 also states that agencies must maintain vehicle mileage logs that identify the dates, destinations, purpose, beginning and ending odometer readings, and the resulting mileage of trips. The logs must also clearly identify business and non-business travel. During our review, we identified \$1,950 in expenditures that were unsupported/inadequately supported. Specifically:

- \$1,237 in vehicle expenditures. The Agency provided a vehicle purchase agreement and gas receipts, but did not maintain mileage logs or other supporting documentation to show how these expenditures benefited the FFA Program.
- \$713 in unsupported payments to Bank of America and the Department of Public Social Services. The Agency did not provide any supporting documentation to show how these expenditures benefited the FFA Program.

As discussed in the "Allocation of Costs" section of this report, IBP does not have a cost allocation plan to allocate administrative costs among its programs/funding sources. In addition to the FFA Program, IBP operated the Family Preservation, Adoptions, and Alcoholism and Drug Dependency programs. IBP's FFA Program constituted approximately 42% of the Agency's total revenues. As a result, it is possible that some of the questioned costs identified in this section were related to other programs. Once IBP develops a cost allocation plan, DCFS will need to determine the amount of unallowable and unsupported/inadequately supported costs that should be recovered.

Recommendations

1. **DCFS management resolve the \$90,766 (\$88,816 + \$1,950) in questioned costs and collect any disallowed amounts.**

IBP management:

2. **Ensure that foster care funds are only used for allowable expenditures to carry out the purpose and activities of the FFA Program.**
3. **Maintain adequate supporting documentation for all Agency expenditures, including itemized invoices, receipts, and vehicle mileage logs.**

Potential DCFS Overpayments

DCFS' records show some potential overpayments to IBP. DCFS and the Agency should work together to resolve the overpayments, and DCFS should collect any verified overpayments. IBP management should also ensure that future payment discrepancies are immediately reported to DCFS, and overpayments are repaid promptly.

Recommendations

4. **DCFS management work with IBP to resolve the overpayments and collect any verified overpayments.**
5. **IBP management ensure that future payment discrepancies are immediately reported to DCFS, and overpayments are repaid promptly.**

IBP's FINANCIAL CONDITION

IBP's audited financial statements for the years ended December 31, 2008 and 2009 contained going concern qualifications because the Agency had operating losses of \$292,117 and \$202,874, respectively. The Agency also had negative net assets of \$1,680,998 as of December 31, 2009. The Agency also owed \$1,345,701 in delinquent federal payroll taxes, penalties, and interest as of February 16, 2011. With negative net assets of \$1,680,998 and no reserves, it is unclear how the Agency will repay its liabilities and offset any future operating losses that may occur.

IBP's financial condition could affect its ability to provide an adequate level of care to placed children. IBP management needs to develop a plan demonstrating how it will continue to provide an adequate level of care while addressing its financial viability issues. Given the Agency's tenuous financial position, DCFS must monitor IBP carefully to ensure that service quality is maintained at an acceptable level. We initially advised DCFS of these issues on March 24, 2011.

Recommendations

6. **IBP management develop a plan demonstrating how it will provide an adequate level of care while addressing its ongoing operating losses.**
7. **DCFS management carefully monitor IBP to ensure that adequate service quality is maintained.**

PAYROLL TAX LIABILITY

As noted earlier, IBP owes \$1,345,701 in delinquent federal payroll taxes, \$153,680 in penalties, and \$161,178 in interest. This liability resulted from IBP failing to pay all its federal payroll taxes between 2004 and 2010. Circular A-122 states that penalties and interest are unallowable costs. In addition, liabilities that should have been paid with prior year FFA funds, such as payroll tax liabilities, cannot be repaid with subsequent year Program funds. Since the delinquent payroll taxes originated in a prior year, IBP cannot use current period foster care funds to repay this liability. Since the Agency has no reserves, IBP management should submit a plan to DCFS demonstrating how the Agency will repay this liability without using current period foster care funds.

Recommendation

8. **IBP management submit a plan to DCFS demonstrating how the Agency will repay its liability to the IRS without using current period foster care funds.**

ALLOCATION OF COSTS

A-C Handbook Section C.2.0 requires agencies to allocate expenditures that benefit multiple programs or funding sources on an equitable basis. During our review period, IBP operated the FFA, as well as Family Preservation, Adoptions, and Alcoholism and Drug Dependency programs. We noted the Agency does not have a cost allocation plan to allocate administrative expenses on an equitable basis among these programs.

Recommendation

9. **IBP management prepare a cost allocation plan to allocate administrative costs to each program on an equitable basis.**

CONTRACT COMPLIANCE AND INTERNAL CONTROLS

We noted several areas where IBP needs to improve its internal controls and contract compliance. DCFS should ensure that IBP management takes action to address the internal control and contract compliance recommendations in this report. DCFS should also monitor to ensure the actions result in permanent changes.

Accounting and Disbursement Procedures

A-C Handbook Section B.2.3 allows agencies to have a petty cash fund up to \$500 to pay small incidental expenses. We reviewed IBP's general ledger and noted that the checks drawn to establish and replenish the petty cash fund were not recorded on the general ledger.

Recommendation

10. **IBP management record all check disbursements, including to replenish petty cash, on the general ledger.**

Untimely Deposits

A-C Handbook Section B.1.2 requires that cash receipts totaling \$500 or more be deposited within one day of receipt. Collections of less than \$500 may be held and secured, and deposited weekly, or when the total reaches \$500, whichever occurs first. We identified 119 Los Angeles County warrants totaling \$35,240, that were deposited ten or more days after the issue date. Of these, 12 were deposited more than 20 days after the issue date, and one was deposited 112 days after the issue date. IBP management should enroll to have County payments electronically deposited directly into the Agency's bank account.

Recommendation

11. **IBP management ensure that Los Angeles County warrants are deposited timely, and enroll to have County payments electronically deposited directly into the Agency's bank account.**

Payroll/Personnel Records

CDSS MPP Section 11-402 requires that supporting documentation be maintained for all Program expenditures, including employee pay rates. In addition, A-C Handbook Section B.3.1 states that time cards must be prepared for each pay period, and must be signed by the employee and supervisor to certify the accuracy of the reported time. We reviewed personnel files and payroll records of 12 employees and noted:

- Two (17%) employee personnel files did not contain current pay rates.
- Two (17%) employee time cards were not signed by a supervisor.
- One (8%) employee time card was not signed by the employee.

Recommendations**IBP management:**

12. **Ensure personnel files contain current pay rates approved by management.**
13. **Ensure time cards are signed by the employee and the employee's supervisor to certify the accuracy of the reported time.**

Bank Reconciliations

A-C Handbook Section B.1.4 requires bank reconciliations be prepared within 30 days of the bank statement date, and be reviewed by management for appropriateness and accuracy. The bank reconciliations should be signed and dated by both the preparer and the reviewer. The Agency did not prepare bank reconciliations for the period of our review.

Recommendation

- 14. IBP management prepare monthly bank reconciliations within 30 days of the bank statement date, and ensure that the reconciliations are signed and dated by both the preparer and reviewer.**

Fixed Assets

A-C Handbook Section B.4.2 requires contractors to maintain a current listing of fixed assets, including the item description, serial number, date of purchase, acquisition cost, and source(s) of funding. Agencies should also conduct an inventory of all assets at least once a year to ensure that all fixed assets are accounted for, and are maintained in proper working order.

IBP's fixed assets listing only included certain assets acquired since 2008. In addition, the fixed assets listing did not identify the date of purchase for each asset, serial or other identifying numbers, or the source(s) of funding as required by the A-C Handbook. The Agency also does not conduct an annual inventory of its fixed assets.

Recommendations**IBP management:**

- 15. Prepare a fixed assets listing that includes the date of purchase for each asset, serial or other identifying numbers, and source(s) of funding used to acquire the assets.**
- 16. Conduct an inventory of fixed assets at least once a year to ensure that all assets are accounted for and maintained in proper working order.**

Semi-Annual Expenditure Reports

FFA Contract Section 17 requires the Agency to prepare and submit Semi-Annual Expenditure Reports to DCFS within 60 days after the end of each semi-annual reporting period. The last Semi-Annual Expenditure Report prepared and submitted by IBP to DCFS was for January 1, to June 30, 2009. IBP should prepare and submit

Semi-Annual Expenditure Reports for each semi-annual period as required by the FFA Contract.

Recommendations

17. IBP management prepare and submit Semi-Annual Expenditure Reports for each period as required by the FFA Contract.
18. DCFS ensure foster care providers submit the Semi-Annual Expenditure Reports timely.



**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

PHILIP L. BROWNING
Interim Director

December 28, 2011

Zena Oglesby, Executive Director
Institute for Black Parenting, Incorporated
11222 S. LA Cienega Blvd., #230
Inglewood, CA 90304

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

Dear Mr. Oglesby:

**AUDITOR-CONTROLLER'S FISCAL REVIEW OF INSTITUTE FOR BLACK PARENTING,
INCORPORATED – A FOSTER FAMILY AGENCY FOSTER CARE CONTRACT PROVIDER**

We have reviewed your fiscal corrective action plan (FCAP) received on December 27, 2011 in response to the Auditor-Controller's final draft fiscal audit. Additionally, Fiscal Monitoring staff will conduct an on-site review within 90 days to ensure compliance with implementation of the corrective actions.

With regard to the \$90,766 in questioned costs, Institute for Black Parenting, Incorporated and DCFS agreed that the total of \$90,766 was disallowed and must be repaid to the Department.

Please contact the Los Angeles County Treasurer and Tax Collector (TTC), by January 3, 2012 to schedule a date and time to sign a repayment agreement for the amount of \$90,766. The terms of the repayment agreement would be determined and negotiated with TTC. Please contact:

Fernando Rubio Jr., Operations Chief
Los Angeles County Treasurer and Tax Collector Revenue and Enforcement
225 N. Hill Street Room 122
Los Angeles, CA 90012
(213) 893-7968
frubio@ttc.lacounty.gov

Sincerely,

A handwritten signature in cursive script, reading "Latisha Thompson".

Latisha Thompson, ASM III
Fiscal Monitoring and Special Payments

Attachments

- c: Mike McWatters, Chief Accountant-Auditor (via electronic mail only)
Sandra Gomez, Principal Accountant-Auditor (via electronic mail only)
"To Enrich Lives Through Effective and Caring Service"

ATTACHMENT III

FISCAL REVIEW OF INSTITUTE FOR BLACK PARENTING, INCORPORATED - A FOSTER FAMILY AGENCY FOSTER CARE CONTRACT PROVIDER

Note: Department of Children and Family Services (DCFS) will only review documentation not previously provided to the Auditor-Controller.

Summary of Recommendations

Based on the FCAP dated 12/27/11, submitted by Institute for Black Parenting, Incorporated, status of each recommendation is summarized as follows:

- 18 Recommendations (1-18) were fully addressed.
- ___ Recommendations (_____) were partially addressed.
- 4 Recommendations (1, 4, 7 and 18) directed to the Department were addressed.

Recommendation Status

1. DCFS management resolve the \$90,766 (\$88,816 + \$1,950) in questioned costs and collect any disallowed amounts.

Agency Proposed FCAP: *Institute of Black Parenting (IBP) does not dispute the finding and questioned costs of \$90,766. IBP will work with DCFS to resolve payment of the finding amount.*

DCFS Response: Please contact the Los Angeles County Treasurer and Tax Collector (TTC), by January 3, 2012 to schedule a date and time to sign a repayment agreement for the amount of \$90,766. The terms of the repayment agreement would be determined and negotiated with the TTC. Please contact:

Fernando Rubio Jr., Operations Chief
Los Angeles County Treasurer and Tax Collector Revenue and Enforcement
225 N. Hill Street Room 122, Los Angeles, CA 90012
(213) 893-7968
frubio@ttc.lacounty.gov

2. IBP management ensure that foster care funds are only used for allowable expenditures to carry out the purpose and activities of the FFA program.

Agency Proposed FCAP: *We have reviewed the findings from the County of Los Angeles -Auditor Controller for the use of current year's foster care funds for repayment of past due payroll tax liabilities. Institute of Black Parenting (IBP) is now aware of the inappropriate of use of current government funds to*

repay prior year's tax liabilities. IBP is working to increase the amount of unrestricted contributions and other sources of nongovernmental revenue, i.e. income earned from consulting or training services. IBP will use nongovernmental revenue and contribution dollars to repay past due payroll tax liabilities.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

3. **IBP management maintain adequate supporting documentation for all Agency expenditures, including itemized invoices, receipts and vehicle mileage logs.**

Agency Proposed FCAP: IBP agrees with the audit finding of maintaining the appropriate supporting documentation for all of the organization's expenditures. IBP has hired an accountant to work as an employee of the organization, whose responsibilities will include organizing and updating the accounting record for the current and future fiscal years.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

4. **DCFS management work with IBP to resolve the overpayments and collect any verified overpayments.**

Agency Proposed FCAP: IBP has and will continue to comply with all requests of overpayments to be remitted to the Department of Children and Family Services (DCFS). When IBP received a request from DCFS for an overpayment and the requests are supported by the appropriate documentation, IBP remits payments timely and in compliance with DCFS regulations. IBP will continue to work with DCFS to clear any overpayments or underpayments processed during the fiscal year.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

5. **IBP management ensure that future payment discrepancies are immediately reported to DCFS and overpayments are repaid promptly.**

Agency Proposed FCAP: See statement 4 for details of management's response.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

6. **IBP management develop a plan demonstrating how it will provide an adequate level of care while addressing its ongoing operating losses.**

Agency Proposed FCAP: *IBP is aware that our financial situation as of December 31, 2009 appears to be inadequate to continue as a going concern. However, IBP has operated as a nonprofit beyond fiscal year 2009, a factor that should be considered when assessing the financial viability of the organization to provide services to children in their foster care program. IBP has also worked hard to reduce the overall loss in 2008 from \$292,117 to \$202,874 in 2009, an overall decrease in the loss from operations of \$89,243.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Fiscal Monitoring Section will work with Out of Home Care to monitor IBP level of care.

7. **DCFS management carefully monitor IBP to ensure that adequate service quality is maintained.**

Agency Proposed FCAP: *The severe losses from operations in fiscal year 2008 and 2009 did not result in any change in the services provided to children in foster care with IBP. IBP has had several program specific audits that include financial review by DCFS that have received some of the highest scores for a foster family agency. These scores were received during our current financial situation. IBP has maintained the level of services that equals or exceeds DCFS regulations in the care of children in the foster care program.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Fiscal Monitoring Section will work with Out of Home Care to monitor IBP level of care.

8. **IBP management submit a plan to DCFS demonstrating how the agency will repay its liability to the IRS without using current period foster care funds**

Agency Proposed FCAP: *During the field audit, IBP was made aware that current government funding is restricted to repayment of current payroll tax liabilities owed to federal and state organization. Therefore, current foster care funding is not allowable in the repayment of past due payroll tax liabilities. IBP will seek other sources of revenue that are nongovernmental or earned from consulting services or earned from unrestricted contributions. IBP will use these sources of funding to repay past due payroll tax liabilities.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Please keep DCFS informed of any repayment agreements reached with the IRS.

9. **IBP management prepare a cost allocation plan to allocate administrative costs to each program on an equitable basis.**

Agency Proposed FCAP: *IBP has prepared a cost allocation plan that will allocate the cost incurred by administration to all programs operated during the fiscal year. The cost allocation plan uses a combination of actual salaries and contracted consultants to determine the administrative allocation basis. The administrative expenses are allocated using the determined administrative allocation basis percentage less determined un-allowable expenses are add as cost to each program operating during the fiscal year. IBP has used this methodology for fiscal year 2009 and will use the same methodology for subsequent fiscal for the allocation of the administrative expenses.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Please submit a copy of the cost allocation plan to Fiscal Monitoring Section.

10. **IBP management record all check disbursements, including to replenish petty cash, on the general ledger.**

Agency Proposed FCAP: *During the audit, it was noted that transactions from petty cash were not recorded in the general ledger during the fiscal year. IBP agrees that all accounting transactions should be recorded in the general ledger and amounts supported by the appropriate documentation. IBP has hired an accountant, who will work with the current employees to process accounting activity during the year and ensure that all information including petty cash activity is updated in the general ledger.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

11. **IBP management ensure that Los Angeles County warrants are deposited timely, and enroll to have County payments electronically deposited directly into the Agency's bank account**

Agency Proposed FCAP: *IBP has reviewed the finding in regards to the timeliness of bank deposits during the fiscal year 2009. IBP will work with our staff members to ensure that deposits will be made in a timelier manner to comply with DCFS regulations.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

- 12. IBP management ensure personnel files contain current pay rates approved by management.**

Agency Proposed FCAP: *IBP agrees with the finding on maintaining employee records to include current evaluation of employee's compensation. IBP will work with senior management to ensure that the employee records conform to DCFS regulations.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

- 13. IBP management ensure timecards are signed by the employee and the employee's supervisor to certify the accuracy of the reported time.**

Agency Proposed FCAP: *See statement 12 for details*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

- 14. IBP management prepare monthly bank reconciliations within 30 days of the bank statement date and ensure that the reconciliations are signed and dated by both the preparer and reviewer.**

Agency Proposed FCAP: *IBP has determined that the services of the consultant were not sufficient to providing the necessary accounting services needed to operate the organization. IBP has hired an accountant as an employee to process all accounting activity including bank reconciliation. The newly hired accountant and consultant will ensure that the bank reconciliations are prepared timely and within the framework outlined in DCFS audit regulations.*

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

- 15. IBP management prepare a fixed assets listing that includes the date of purchase for each asset, serial or other identifying numbers, and source(s) of funding used to acquire the assets.**

Agency Proposed FCAP: *IBP agrees that fixed assets should be maintained on an inventory asset report that details the type of asset, location and identification of asset by serial number. For assets purchased subsequent December 31, 2009, IBP will comply with the DCFS audit finding*

recommendation. Current assets owned by IBP are fully depreciated and accounted for by management as to their location as well as use in the organization.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

- 16. IBP management conduct an inventory of fixed assets at least once a year to ensure that all assets are accounted for and maintained in proper working order.**

Agency Proposed FCAP: IBP concurs with the recommendation on conducting an annual inventory of fixed assets owned by the organization at the fiscal year-end. Assets held by IBP are primarily computers and computer peripheral equipment that is fully depreciated as of December 31, 2009. IBP will implement an inventory counting procedure that will identify the type of assets, location of assets including identifying serial numbers and sources of funding of purchase in subsequent fiscal year.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

- 17. IBP management prepare and submit Semi-Annual Expenditure Reports for each period as required by the FFA Contract.**

Agency Proposed FCAP: IBP agrees that the semi-annual reports should be completed in accordance with DCFS regulations. The current accounting employee and members of management will ensure that the semi-annual expenditure reports are submitted accurately and timely to DCFS as required of all foster family agencies.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

- 18. DCFS ensure foster care providers submit the Semi-Annual Expenditure Reports timely.**

Agency Proposed FCAP: See 17 above for detail response.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation. Fiscal Monitoring Section will ensure that the Semi-Annual Expenditure Reports are timely submitted.